

HEALTH *watch*

Advocate for Nursing Home Residents Receives HCFA's Highest Award



Administrator Vladeck congratulates Elma Holder

Mrs. Elma Holder, a founder of the National Citizens' Coalition for Nursing Home Reform (NCCNHR), was recently presented the Administrator's Achievement Award, HCFA's highest award, in recognition of her success in promoting the rights and interests of the nation's nursing home residents. In presenting the award, HCFA Administrator Bruce Vladeck praised Mrs. Holder's leadership in spurring nursing home reforms that have significantly improved conditions for the nation's approximately 1.5 million nursing home residents.

"Without Elma Holder, there would not have been an OBRA 87," Vladeck stated, citing the Omnibus Budget Reconciliation Act of 1987 that tightened state and federal regulation of the nation's 16,700 nursing homes. He added, "Conditions in nursing homes would look very different from the way they look today."

In commenting on the OBRA 87 nursing home reforms, Vladeck told a gathering of approximately 200 long term care and citizen advocates at the award presentation that the last of the reforms, which went into effect July 1, 1995, gave the States a variety of ways to penalize nursing homes — including fines and/or termination of Medicare or Medicaid reimbursement.

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HCFA Prepares for Y2k

The beginning of the Year 2000 (Y2k) will present serious problems for many computer systems worldwide, including HCFA's. Because most computers use only six digits to keep track of dates, thereby saving enormous amounts of expensive computer storage space, the year 2000—appearing as "00"—will be indistinguishable from 1900.

The Y2k change affects all types of computers, from desktop PCs to massive mainframes.

Users may experience difficulties in less than 3 years if their system deals with future dates. Difficulties may erupt in date-intensive applications dealing with invoices, payrolls, bill payments, inventories, loans, and databases tracking date-sensitive information. At best, the system might hit "00" and refuse to produce anything but error messages. At worst, the system might produce seemingly appropriate information that hides fundamental errors: a century's worth of interest, an erratically rearranged calendar, or data of questionable integrity.

HCFA started investigating the Y2k problem in November, 1994. In July 1995, HCFA's Millennium Project Team assembled to define the impact. Currently the Team is developing an Agency-wide millennium conversion plan and conducting a risk analysis of internal and external systems.

For more information, please contact Barbara Goodman at 410-786-4194 (e-mail: bgoodman@hcfa.gov).



Recently, I announced to HCFA staff an agency-wide restructuring plan. The team that developed the plan consulted widely both within and outside of the agency and worked closely with me. I believe that the resulting plan will best position HCFA to respond to the changing health care environment and to successfully meet the changing needs of our beneficiaries and partners.

The restructuring plan is aimed at serving HCFA's primary "customers," recognizing that the driving forces behind current changes in the nation's health care system are not internal to the agency, but external. HCFA will restructure around three groups of customers: beneficiaries, health plans/providers, and States. We will provide "one-stop shopping" to these groups. Our organizational structure will be designed for their convenience rather than ours.

The new structure has the following key features:

- There will be no job loss or geographic relocation for HCFA employees.
- For the first time, HCFA will have a division explicitly dedicated to understanding and meeting the needs of beneficiaries.
- Responsibility for all State programs will be integrated into a single division, significantly improving our ability to respond to States.
- Managed care will be integrated into HCFA's overall structure. Responsibility for managed care and other health plans will be combined into a single division that will bring both managed care and fee-for-service expertise to bear on policy and payment issues. This consolidation will also improve HCFA's flexibility in adapting to evolving delivery systems.
- A division will be created to deal with clinical and quality standards and lead HCFA's growing involvement in the clinical aspects of coverage and quality assurance activities.
- An Executive Council chaired by the Administrator and composed of the agency's senior leadership will serve as the internal policy-making body of the agency. Members will ensure coordination across organizational units.
- Regional expertise in day-to-day program operations will be more influential as four regional consortium administrators will report directly to the Administrator and sit on the Executive Council.
- The structure is designed to function with a fully-implemented Medicare Transaction System (MTS), thereby anticipating planned changes in the way HCFA processes data and works with Medicare contractors.
- The plan recognizes legislative mandates by creating a strong Chief Financial Officer (CFO) and Chief Information Officer (CIO). The CFO will be responsible for program integrity activities.

I have appointed a transition team to turn this restructuring plan into reality. The team began work the first week in November by "rolling out" the restructuring plan to all HCFA employees. We expect full implementation by mid-1997. I believe this restructuring is an important and necessary step for the Agency as we enter the next century.



HCFA On-Line: Market Research

HCFA On-Line is a comprehensive strategy to improve communication between HCFA and its customers and partners. As part of this strategy, HCFA's Office of Research and Demonstrations (ORD) is implementing a market research initiative to enable HCFA to better meet the information needs of these groups.

For beneficiaries, ORD's market research will look at the general Medicare population and subgroups who may have special communication needs. Currently, ORD is collecting data on the information needs of beneficiaries who fall into one or more of the following categories: African-Americans, Hispanic or Spanish speaking, dually enrolled in Medicare and Medicaid, living in rural areas, hearing or vision im-

paired, those with low literacy levels, and those about to enroll in Medicare.

Data on the information needs and preferences of physicians, hospitals, and managed care plans are being collected from HCFA providers and other partners.

Results from the market research initiative will assist in the development of the On-Line communication strategy. The ultimate result of the effort will be improved access to health care and program information and increased customer awareness and satisfaction.

For further information contact either Dr. Thomas Reilly (beneficiaries) on 410/786-2196 (email: treilly@hcfa.gov) or Dr. Sherry Terrell (providers and other partners) on 410/786-6601 (email: sterrell@hcfa.gov.)

Upcoming Events

December 3, 1996

Administrator Bruce C. Vladeck speaks at the Partnership for Prevention Conference in Washington, D.C., on "How Innovative Strategies Like Demand Management Do Play or Can Play a Role in Publicly Funded Health Programs Like Medicare and Medicaid."

December 3-4, 1996

"HCFA Data—Today and Tomorrow," a two-day conference to provide HCFA data users with an overview of HCFA data, will be held at HCFA headquarters in Baltimore, MD.

A Restraint Reduction Conference will take place in Philadelphia, PA. The purpose of the conference is to present strategies to educate families and providers of health care on the physical and psychological benefits of restraint-free care.

December 5, 1996

Administrator Vladeck speaks at the Breakfast Meeting of the National Council of Churches via satellite.

December 6, 1996

Acting Deputy Administrator Sally Richardson speaks at the Council of State Governments in Cleveland, OH, on "Recent Progress And Trends In State Reform Efforts."

December 9, 1996

Administrator Vladeck addresses the Commonwealth Fund's Forum in Washington, D.C., on "The Future of Medicare and Medicaid As They Relate to Elderly Beneficiaries."

Acting Deputy Administrator Richardson speaks at the National Child Health Leadership Conference in New Orleans, LA, on "Future Plans for Medicaid Reform - All Facets of the Public and Private Health Care Sectors."

December 12, 1996

Administrator Vladeck addresses the Southern New York Association and the New York Business Group on Health in New York City on "Federal Perspective on Financing Long Term Care."

December 13, 1996

Administrator Vladeck speaks at the United Hospital Fund in New York City.

December 12-13, 1996

HCFA's Bureau of Program Operations is holding a Model Coordination of Benefits Agreement Focus Group in Columbia, MD.

December 16, 1996

Meeting of the Practicing Physicians Advisory Council at HCFA Headquarters in Baltimore, MD. This meeting is open to the public.

December 17, 1996

Administrator Vladeck addresses the Hebrew Rehabilitation Center for Aged in Boston, MA, on "Trends Or Assumptions In Aging Care By The Year 2007 - What Services Should The Center Be Providing By Then."

January 10, 1997

Administrator Vladeck and Gail Wilensky are the closing speakers at the National Policy Conference on Financing for the Nation's Safety Net sponsored by the Robert Wood Johnson Foundation in Washington, D.C.

January 15, 1997

Administrator Vladeck participates in HCFA's Martin Luther King Birthday Commemoration at HCFA Headquarters in Baltimore, MD.

January 16, 1997

Administrator Vladeck delivers the keynote address at the Centers for Disease Control and Prevention's Conference on Prevention in Managed Care - Joining Forces for Value and Quality in Atlanta, GA.

HCFA Approves Maryland Medicaid Health Reform Waiver

Maryland is the 14th state to receive HCFA approval for a comprehensive Medicaid reform demonstration project. The Maryland program allows the State to enroll most Medicaid beneficiaries in managed care plans and is a prevention-oriented system that will be accountable for providing high quality care.

Innovations include: (a) a special case management program for beneficiaries with rare and costly health care

needs, such as pediatric AIDS, cystic fibrosis, and hemophilia; (b) mandatory inclusion in managed care networks of providers who have historically served Medicaid beneficiaries; (c) a rate setting system that adjusts for the financial risk to managed care plans by taking into account the diagnoses of individual enrollees; and (d) a mental health program delivered through a partnership of public and private agencies.

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Medicaid Conference Focuses on Minority Health Care

HCFA recently sponsored a Medicaid and Historically Black Colleges and Universities (HBCUs) Partnership Conference at Tennessee's Meharry Medical College. The conference, with the theme of "expanding the public/private partnership to improve the health status of African-American Medicaid beneficiaries," brought together representatives from HBCUs, States, private foundations, HHS, and HCFA to address disparities in access to health care and in health care outcomes.

Recent research has indicated the need for medical and social intervention among African-American Medicaid beneficiaries. This research, compiled by the Department of Commerce and the Centers for Disease Control and Prevention, indicates:

- The infant mortality rate for the general population is 6.3 deaths per 1,000 live births while the rate for blacks is more than twice that at 14.9 deaths per 1,000 live births;



Participants in the Medicaid/HBCU conference included, (from left to right): LaVarne Burton, Assistant Secretary for Budget and Policy, ASMB; Dr. John Maupin, President of Meharry Medical College; Judith Moore, Acting Director, Medicaid Bureau; Helaine Jeffers, Medicaid Bureau; and Pamela Gentry, Associate Administrator for External Affairs, HCFA.

- African-Americans are four times more likely than white Americans to die as a result of HIV infection; and
- African-Americans are more than twice as likely to die from diabetes than are white Americans.

Attendees at the conference met in working sessions to discuss studies on disparities in the health status of African-Americans and possible interventions to reduce those disparities. Representatives from the Robert Wood Johnson Foundation and the Henry J. Kaiser Family Foundation presented information on their organizations' health care goals and criteria and procedures for submitting proposals for funding.

For more information on the Medicaid-HBCU Partnership Initiative, contact Helaine Jeffers at 410/786-5648 (e-mail: hjeffers@hcfa.gov).

Regulations *(continued from page 6)*

Medicaid and Aid to Families with Dependent Children Programs; Certain Provisions of the National Voter Registration Act of 1993 (MB-092-F)—Published 11/13

This joint Administration for Children and Families and HCFA final rule will remove certain regulatory restrictions that conflict with implementation of the National Voter Registration Act of 1993.

Medicare Program; December 16, 1996 Meeting of the Practicing Physicians Advisory Council (OPL-012-N)—Published 11/19

This notice announces a meeting of the Practicing Physicians Advisory Council. This meeting is open to the public.

New and Pending Demonstration Project Proposals Submitted Pursuant to Section 1115(a) of the Social Security Act: September 1996 (ORD-093-N)—Published 11/19

No proposals for Medicaid section 1115 demonstration projects were submitted, approved, disapproved, or withdrawn during the month of September 1996.

Medicare Program; Revisions to Payment Policies and Five-Year Review of and Adjustments to the Relative Value Units Under the Physician Fee Schedule for Calendar Year 1997 (BPD-852-FC)—Published 11/22

This final rule makes several policy changes affecting Medicare payment for physician services, including payment

for diagnostic services and transportation in connection with furnishing diagnostic tests. It also makes changes in geographic payment areas (localities), changes in the procedure status codes for a variety of services, and changes to work relative value units (RVUs) affecting payment for physician services. In addition, it finalizes the 1996 interim RVUs and issues interim RVUs for new and revised procedure codes for 1997.

Medicare Program; Physician Fee Schedule Update for Calendar Year 1997 and Physician Volume Performance Standard Rates of Increase for Federal Fiscal Year 1997 (BPD-853-FN)—Published 11/22

This final notice announces the calendar year 1997 updates to the Medicare physician fee schedule and the Federal fiscal year 1997 volume performance standard rates of increase for expenditures for physicians' services under the Medicare Supplementary Medical Insurance (Part B) program. The fee schedule updates for calendar year 1997 are 1.9 percent for surgical services, 2.5 percent for primary care services, and -0.8 percent for other nonsurgical services. There was a 0.6 percent increase in the update for all physicians' services for 1997. The physician volume performance standard rates of increase for Federal fiscal year 1997 are -3.7 percent for surgical services, 4.5 percent for primary care services, -0.5 percent for other nonsurgical services, and a weighted average of 0.3 percent for all physicians' services.

ResDAC to Improve Access to HCFA Data

The Research Data Assistance Center (ResDAC), a facility to help simplify researchers' access to HCFA's Medicare and Medicaid databases, is being operated by the University of Minnesota through a recently awarded HCFA contract.

Staffing the data center will be Medicare and Medicaid experts who are knowledgeable and experienced in both HCFA's data and its program history and can assist researchers in understanding the data.

In addition, ResDAC will:

- * serve as a focal point for researchers who are interested in pursuing studies on Medicare and Medicaid programs but lack the expertise to access or manipulate HCFA databases;
- * serve as an educational and training center for researchers who have a need to use HCFA data;
- * improve researcher access to HCFA data by either providing designated data sets or assisting in developing data requests.

For more information on ResDAC, contact the Office of Research and Demonstrations at 410/786-6507.

Award *(continued from Page 1)*

Over the past 15 months, Vladeck noted, the States, under contract with HCFA, have surveyed 40,000 nursing homes, of which 30,000 were found to have problems and were threatened with some form of penalty. In about 90 percent of the cases, the problems were corrected without the penalty being imposed.

"We have good evidence that the reforms in place since 1990 have led to concrete improvements in care throughout the industry," Vladeck said. Some examples he cited include: a 50 percent reduction in physical restraint use and in dehydration incidents, a 25 percent decrease in antipsychotic drug use, and a 30 percent drop in the use of indwelling catheters.

In working to protect the rights and interests of nursing home residents, Mrs. Holder served as director of NCCNHR from 1978 through 1995. She now works with NCCNHR on policy and fund raising. She received HCFA's Beneficiary Services Certificate of Merit in 1986 for her activities promoting the interest of Medicare and Medicaid beneficiaries and served as a member of the HCFA Case-Mix Reimbursement State Demonstration Project Advisory Committee from 1991 to 1993.



Maryland Waiver *(continued from page 3)*

Beneficiaries in the new program will receive the same services as those under the State's traditional fee-for-service program. Mental health services will be provided through a separate fee-for-service delivery system administered by the Mental Hygiene Administration. Those excluded from the demonstration project include dually eligible Medicare and Medicaid beneficiaries, short-term eligibles in "spend down" status, institutionalized individuals, and those in other waiver programs.

Maryland developed its proposal through an extensive public process that involved numerous public hearings, consumer forums, and weekly meetings of a 131-member Waiver Advisory Committee made up of legislators, advocates, consumers, health care providers, and State agency staff. A similar committee will continue to monitor the program throughout the demonstration.

The State expects to enroll about 80 percent of its current Medicaid population, or about 280,000 people, into managed care plans during the first six months of 1997. Currently, 25 percent of Maryland Medicaid beneficiaries are voluntarily enrolled in HMOs, while another 50 percent participate in Maryland's fee-for-service case management system—the Maryland Access to Care program (MAC). Under the new program, MAC participants will be able to stay with their current primary care providers as long as those providers are part of a participating managed care plan.

Key Regulations/Notices

Medicare Program; Part A Premium for 1997 for the Uninsured Aged and for Certain Disabled Individuals Who Have Exhausted Other Entitlement (OACT-053-N)—Published 11/4

This notice announces the hospital insurance premium for calendar year 1997 under Medicare's hospital insurance program (Part A) for the uninsured aged and for certain disabled individuals who have exhausted other entitlement is \$311. The reduced premium for certain other individuals as described in this notice is \$187.

Medicare Program; Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts for 1997 (OACT-054-N)—Published 11/4

This notice announces the inpatient hospital deductible for calendar year 1997 under Medicare's hospital insurance program (Medicare Part A) is \$760. The daily hospital and

extended care services coinsurance amounts for services furnished in calendar year 1997 will be: (a) \$190 for the 61st through 90th days of hospitalization in a benefit period; (b) \$380 for lifetime reserve days; and (c) \$95 for the 21st through 100th days of extended care services in a skilled nursing facility in a benefit period.

Medicare and Medicaid Programs; Announcement of Additional Application From Hospital Requesting Waivers for Organ Procurement Service Area and Technical Correction (BPD-879-NC)—Published 11/8

This notice announces an additional application which HCFA received from a hospital requesting a waiver from dealing with its designated area organ procurement organization (OPO). This notice also requests comments from OPOs and the general public for consideration in determining whether such a waiver should be granted.

(continued on page 4)

1997 Medicare Facts

Medicare Beneficiaries Pay:

Part A Hospital Charges

\$760 the first day
\$190 a day for the 61st-90th day
\$380 a day for each reserve day

Part A Skilled Nursing Facility Charges

\$95 a day for the 21st – 100th day

Part B Premium

\$43.80 per month

Part B Deductible

\$100 per year



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